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COMMITTEE OF THE WHOLE

RECORD OF THE FIRST MEETING

Held at the Austria Center, Vienna,
on Tuesday, 22 September 1998, at 3.10 p.m.

Chairman: Mr. JOSEPH (Australia)

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[*] GC(42)/20.

The composition of delegations attending the session is given in document GC(42)/INF/13/Rev.3.

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Abbreviations used in this record

CRP	Co-ordinated research programme
FAO	Food and Agriculture Organization of the United Nations
ILO	International Labour Organization
IMO	International Maritime Organization
INDAG	International Nuclear Desalination Advisory Group
IPF	Indicative Planning Figure
TCDC	Technical co-operation among developing countries
TCF	Technical Co-operation Fund
UNDP	United Nations Development Programme
WCF	Working Capital Fund
WHO	World Health Organization

ELECTION OF A VICE-CHAIRMAN AND ORGANIZATION OF WORK

1. The CHAIRMAN, having expressed appreciation for the confidence which the General Conference had placed in him by electing him Chairman of the Committee of the Whole, said that following consultations in the Group of 77 it had been proposed that Ambassador Umer of Pakistan be elected as a Vice-Chairman. If there were no objections, he would take it that the Committee wished to elect Mr. Umer as a Vice-Chairman.

2. It was so decided.

3. The CHAIRMAN drew attention to document GC(42)/COM.5/1, which listed the agenda items referred to the Committee of the Whole by the General Conference. He suggested that, as far as possible, the Committee take those items in the order in which they were listed.

4. It was so decided.

5. The CHAIRMAN proposed that, in line with past practice, he report orally to the Conference at a plenary meeting on the Committee's deliberations, which would also be the subject of summary records.

6. It was so decided.

7. The CHAIRMAN suggested that, since agenda item 17 (Article VI of the Statute) was likely to involve very extensive discussions, as far as possible the Committee's meetings on Thursday, 24 September be devoted entirely to it.

8. It was so agreed.

ARRANGEMENTS FOR THE CONFERENCE

(c) CRITERIA OR GUIDELINES FOR CONSIDERATION OF REQUESTS FOR THE RESTORATION OF VOTING RIGHTS
(GC(42)/10, GC(42)/COM.5/2)

9. The CHAIRMAN drew the Committee's attention to document GC(42)/10, containing a recommendation by the Board of Governors to the General Conference , and to document GC(42)/COM5/2, containing a draft resolution submitted by South Africa on behalf of the Group of 77.

10. Mr. CRONJE (South Africa), introducing the draft resolution on behalf of the Group of 77, noted in particular that it provided for the inclusion of an item entitled "Restoration of voting rights" in the provisional agenda for the General Conference's forty-fourth (2000) regular session.

11. Mr. KEMPEL (Austria) proposed that the phrase "in full and on time" be added at the end of preambular paragraph (c).

12. Mr. MCINTOSH (Australia) said that the draft resolution reflected very well the consensus reached at the Board's meetings in June and just prior to the current General Conference session.

13. He proposed that, in order to give preambular paragraphs (b) and (c) equal status, "Noting" in preambular paragraph (c) be amended to "Recognizing further".

14. Mr. CRONJE (South Africa) said he was sure that the Group of 77 could accept the proposals made by the representatives of Austria and Australia.

15. Mr. BENMOUSSA (Morocco) said that an earlier version of the draft resolution under consideration had contained a reference to the report of the Chairman of the Board of Governors on measures to facilitate the payment of contributions (document GOV/1998/54). He would like the draft resolution to contain an operative paragraph reading something like "Takes note with satisfaction of the measures to facilitate the payment of contributions as contained in document GOV/1998/54 and entrusts the Board of Governors to determine the modalities of their implementation;". The inclusion of such a paragraph would, in his view, facilitate the Board's further consideration of document GOV/1998/54 in November.

16. Mr. MCINTOSH (Australia) said it was his delegation's understanding that the Board would consider document GOV/1998/54 further at its November meetings, but not confine itself simply to the modalities for implementing the measures outlined in that document. In his view, the paragraph suggested by the Ambassador of Morocco prejudged the Board's deliberations.

17. Mr. KEMPEL (Austria), Mr. FITZPATRICK (United States of America), Mr. PAPADIMITROPOULOS (Greece), Mr. PECSTEEN (Belgium), Mr. KOCH (Germany) and Mr. CASTERTON (Canada) endorsed the comments made by the representative of Australia.

18. Mr. BENMOUSSA (Morocco) said that it was not his intention to induce others to endorse the measures outlined in document GOV/1998/54. The wording "Takes note with satisfaction" was merely intended to indicate that a satisfactory outcome had been achieved in the informal working group which he had chaired.

19. The plans for payment of arrears examined by the informal working group involved mechanisms which were already in place in at least 15 other international organizations. Payment in local currencies through UNDP offices was a practice which Morocco, for one, had long ago adopted in a number of cases, and it would have advantages for the Agency, which would no longer be faced with the risk of exchange losses.

20. If a paragraph along the lines of what he had suggested was not inserted in the draft resolution, the measures outlined in document GOV/1998/54 would not be approved until the forty-third session of the General Conference, and their implementation would not take place until the year 2000 - the year of the "follow-up assessment" envisaged in operative paragraph 2 of the draft resolution.

21. Mr. MCINTOSH (Australia) said that his delegation would have no problem with the General Conference's taking note of the measures outlined in document GOV/1998/54, encouraging the Board to complete its consideration of those measures and perhaps authorizing the implementation of any measures on which consensus could be reached before the forty-third session of the General Conference.

22. The CHAIRMAN proposed the following rewording of the additional paragraph suggested by the Ambassador of Morocco:

> "Takes note, with interest, of the measures to facilitate the payment of contributions as contained in document GOV/1998/54, and entrusts the Board to complete its study on the matter;".

23. Mr. KEMPEL (Austria) suggested that "proposed" be inserted before "measures" in the paragraph as proposed by the Chairman and that the paragraph be included in the draft resolution as a preambular - not an operative - paragraph.

24. Mr. BENMOUSSA (Morocco) said that he could go along with the phrase "Takes note, with interest, of the proposed measures", but not with the phrase "entrusts the Board to complete its study on the matter", whose inclusion would mean a whole year wasted on what was essentially a non-issue. Moreover, the preambular part of a resolution was not the appropriate place for entrusting the Board with a task.

25. Mr. KOCH (Germany) suggested that the phrase "Taking note, with interest, of the proposed measures" be included in the preambular part of the draft resolution and that the phrase "Entrusts the Board to complete its study on the matter" be included in the operative part.

26. Mr. WALLER (Deputy Director General for Administration), responding to a question asked by Mr. MCINTOSH (Australia), said that - as he had explained in the Board of Governors the previous week - it followed from subparagraph 2(g) of document GC(42)/10 that, if the General Conference accepted the recommendation made by the Board in that document, it would be approving the payment plan concept. Thus, if the Board took up document GOV/1998/54 and approved its contents at a later session, there would be no need for referral back to the General Conference before the payment plan could be implemented.

27. Mr. BENMOUSSA (Morocco), noting that only one example - a schedule of proposed payments - was mentioned in subparagraph 2(g) of document GC(42)/10, said he assumed that a further example might be payment in local currencies.

28. He proposed that the additional paragraph under consideration be amended to read something like the following:

"Takes note, with interest, of the proposed measures to facilitate the payment of contributions as contained in document GOV/1998/54, entrusts the Board to complete its study on the feasibility of those measures and authorizes the Director General to start implementing them if and when they are agreed by the Board;".

29. Ms. SAYAF (Syrian Arab Republic) expressed support for the amended text proposed by the Ambassador of Morocco.

30. Mr. KEMPEL (Austria) said that it would be for the General Conference to decide whether to implement any measures agreed by the Board.

31. Mr. REGUIEG (Algeria), expressing support for the proposal made by the Ambassador of Morocco, urged the representative of Austria to go along with it.

32. Mr. PECSTEEN (Belgium) said that in his view the Board should be entrusted not with studying the feasibility of the proposed measures but rather with studying the proposed measures themselves.

33. Mr. PAPADIMITROPOULOS (Greece) said that the General Conference should confine itself to taking note of the discussions which had taken place in the Board and of the fact that further discussions were planned.

34. Mr. MCINTOSH (Australia) said that in the light of what the Deputy Director General for Administration had just stated he did not consider the phrase "authorizes the Director General to start implementing them if and when they are agreed by the Board" proposed by the Ambassador of Morocco to be necessary. In the interests of consensus, however, he could go along with a phrase reading "authorizes the Director General to start implementing any such measures if and when they are agreed by the Board".

35. Mr. MAHMOUD (Iraq), calling for a consensus based on the proposals made by the Ambassador of Morocco, said that with the present arrangements almost one third of the Agency's Member States were unable to meet their financial obligations vis-à-vis the Agency. It was important that the General Conference adopt a resolution which would help in overcoming the problem.

36. Mr. WALLER (Deputy Director General for Administration), referring to paragraph 15 of document GOV/1998/54, said that it was only when UNDP spent an amount in a local currency that the US dollar equivalent would be transferred to the Agency.

37. Mr. TOWLER (United Kingdom) said it was his impression that the Board had not yet begun to study the feasibility of the proposed measures. Hence, he would prefer a phrase on the lines of "entrusting the Board of Governors to study the feasibility of those measures".

38. Mr. KOCH (Germany) said that he would prefer the formulation - proposed by the Chairman - "entrusts the Board to complete its study on the matter". In a spirit of

compromise, he could go along with the wording "authorizes the Director General to start implementing any such measures if and when agreed by the Board".

39. Mr. CASTERTON (Canada), while expressing support for the comments made by the representative of Germany, said that he would prefer "complete its consideration of the matter" to "complete its study on the matter"; the Board had not yet embarked upon a study.

40. Mr. BENMOUSSA (Morocco) said he could accept the wording "its consideration of" instead of "its study of" and "implementing any such measures" instead of "implementing them".

41. The CHAIRMAN noted that the issue of whether the new text should be in the preambular or operative part of the draft resolution had not been resolved.

42. Mr. KEMPEL (Austria) recalled the suggestion made regarding that issue by the representative of Germany.

43. The CHAIRMAN suggested the addition of a preambular paragraph (d) reading "Taking note, with interest, of the proposed measures to facilitate the payment of contributions as contained in document GOV/1998/54," and of an operative paragraph 4 reading "Entrusts the Board to complete its consideration of the measures proposed in document GOV/1998/54 and authorizes the Director General to implement any such measures if and when agreed by the Board of Governors;", with the original operative paragraph 4 becoming operative paragraph 5.

44. Mr. BENMOUSSA (Morocco) said that if the representative of South Africa, speaking for the Group of 77, could accept those additions, they would also be acceptable to him.

45. Mr. CRONJE (South Africa) said that he could accept them.

46. Mr. PECSTEEN (Belgium) said that preambular paragraph (d) should read "... facilitate the payment of arrears of contributions" - not "... facilitate the payment of contributions".

47. The CHAIRMAN said he assumed that the Committee found the addition of "arrears of" acceptable.

48. Mr. KOCH (Germany) said that his delegation could accept the draft resolution with the suggested amendments, but only on the understanding that the Board would not be restricted to considering the measures outlined in document GOV/1998/54; it must be free to consider other possible measures also.

49. The CHAIRMAN said he took it that the Committee wished to recommend to the Conference that it adopt the draft resolution contained in document GC(42)/COM.5/2 with preambular paragraph (c) amended in the manner proposed by the representatives of Austria and Australia and with the two additional paragraphs just suggested by himself, the first of

them being amended through the addition of "arrears of" between "payment of" and "contributions".

50. It was so agreed.

(d) STREAMLINING THE WORK OF THE GENERAL CONFERENCE (GC(42)/4)

51. Mr. AHMAD (Pakistan) said he believed that - as stated in paragraph 15 of document GC(42)/4 - the general debate would benefit from greater focusing on the Agency's programme and orientation and welcomed the fact that a time limit on speeches was being observed during the Conference's current session. He also welcomed the idea of a Scientific Forum involving specialist members of delegations to the General Conference.

52. He hoped that the General Conference would take the action recommended in paragraph 26 of document GC(42)/4.

53. Mr. RAGHURAMAN (India) said it would be good for the general debate to have a thematic focus; perhaps themes would emerge from discussions in the Board and the Senior Expert Group.

54. His delegation welcomed the idea of including a "World Nuclear Report" in the Agency's annual reports and that of clustering related agenda items. The idea of a Scientific Forum running in parallel with sessions of the General Conference was also a good one.

55. The principle of time limits on speeches was laudable, but difficult to apply; perhaps such time limits could be combined with the issuing of fuller statements in writing.

56. His delegation was in favour of the General Conference's taking the action recommended in paragraph 26 of document GC(42)/4.

57. The CHAIRMAN said he took it that the Committee wished to recommend to the General Conference that it approve the recommendations contained in document GC(42)/4.

58. It was so agreed.

THE AGENCY'S ACCOUNTS FOR 1997
(GC(42)/6)

59. Mr. KOCH (Germany) said that his delegation welcomed the External Auditor's unqualified audit opinion and was grateful to the External Auditor for his report. It was confident that the Director General would take the recommendations of the External Auditor into account, especially those regarding staff questions. Also, it was pleased that - as stated in paragraph 21 of his report - the External Auditor intended to continue monitoring "future progress in the area of programme management and performance assessment".

60. Something which had caused his delegation some difficulty in studying the accounts document was the use of three different rates of exchange between the Austrian schilling and the United States dollar - 12.70, 12.04 and 12.30 schillings to the dollar. In the Financial Highlights (on page 2 of the document), it was stated that an increase in the United Nations rate of exchange of the Austrian schilling versus the United States dollar had resulted in overall losses on exchange in United States dollar terms, which had been partially absorbed by the previous years' accumulated net gains. However, no figures were given. His delegation would have appreciated gross and net figures for the financial repercussions of the increase in the rate of exchange, and an explanation of the advantages of using three different exchange rates.

61. Mr. RAGHURAMAN (India), welcoming the fact that the External Auditor had found the Agency's accounts to be in order, said that any discrepancy between the duties being performed at various levels and the corresponding manning table should be addressed expeditiously and the Board and General Conference informed.

62. The issue of cost-free experts should be examined more carefully, and his delegation would like the Secretariat to provide it with additional information on the subject.

63. In paragraph 9 of the "Introduction to the Agency's Accounts for 1997 and Financial Highlights", it was stated that "Owing to the fact that $57.4 million of the 1997 assessments was received late in December, it was necessary to utilize as much as $17.9 million from the WCF." Calling for the timely payment of assessed contributions, he said that India's assessed contribution for 1998 had been paid in full and on time, as had India's share of the TCF target for 1998.

64. Mr. LIU Yongde (China) said that the recommendations made by the External Auditor regarding staff contracting arrangements, management training and the procurement of goods and services were very appropriate and that his delegation hoped that the Secretariat would give them serious consideration. Improvements were necessary particularly in the areas of staff contracting and procurement.

65. Mr. YAMANAKA (Japan) said that his Government, which was making every effort to pay Japan's assessed contributions in full and on time despite the country's financial difficulties, attached great importance to the Secretariat's achieving maximum efficiency, with zero nominal budgetary growth as the ultimate aim.

66. As regards the TCF, his delegation was very concerned about the widening gap between successive targets and the resources being provided in response to those targets. The targets for contributions to the TCF should be realistic, and Member States should pay their full TCF target shares. In the utilization of technical co-operation resources, "due account" provisions and eligibility criteria should be applied.

67. Mr. WALLER (Deputy Director General for Administration), responding to the remarks of the representative of India about cost-free experts, recalled that the issue of the administrative, secretarial and other costs to the Agency associated with the use of "cost-free"

experts had been referred to in May by the External Auditor in the Administrative and Budgetary Committee (now the Programme and Budget Committee). On that occasion, the representatives of a number of Member States had opposed the idea that the Secretariat should seek to recover such costs from the countries making "cost-free" experts available to the Agency.

68. The issue of exchange rates was a rather complex one. For several years, the Secretariat had been using an exchange rate of 12.70 Austrian schillings to the United States dollar in preparing budget estimates. Sometimes that rate was very different from the rate prevailing at the time when the General Conference adopted the draft resolution on the Regular Budget appropriations for the following year and from the average rate experienced during that year, and the use of the rate of 12.70 Austrian schillings to the United States dollar in successive years had sometimes been criticized. The advantage was that it facilitated comparison of the budget estimates for successive years.

69. As regards the different exchange rates used in the accounts document, the exchange rate used in computing income was the exchange rate prevailing at the time when the income was received; that used in computing expenditures was that prevailing at the time when the expenditures were incurred. Outstanding assessments and unliquidated obligations were shown at the end-of-year exchange rate.

70. Mr. ESPINO (Director, Division of Budget and Finance) said that income and expenditures were recorded using the relevant month's exchange rate. Although a rate of 12.30 had been used at the end of the year to record outstanding assessments and unliquidated obligations, the average rate for both had been 12.04; there was therefore no inconsistency.

71. As regards the losses on exchange referred to in the Financial Highlights, most of them had been unrealized losses. There had been a positive balance of $2.3 million at the start of 1997, reflecting exchange gains before the year began. Accounting losses of $6.1 million had been subtracted from that balance, resulting in a net loss of $3.8 million - shown in Statement II. That had not affected budget implementation in 1997, and the loss had been disregarded by the Secretariat when projecting 1999-2000 income.

72. Mr. HERRERA ANDRADE (Mexico), referring to Table 1 in document GC(42)/6, which indicated that there had been an overall increase of 29 in the number of Professional grade posts between 1996 and 1997, asked how the increase had been financed at a time of zero real Regular Budget growth.

73. Mr. WALLER (Deputy Director General for Administration) said that, although the number of Professional grade posts had increased by 29 between 1996 and 1997, the "Total staff in post" had not increased - as could be seen from the last line in Table 1.

74. The increases which had occurred in staff costs during recent years had been accommodated largely through cuts in the provisions for administrative expenses under Major Programme 6 (Policy-making, Co-ordination and Support).

75. The CHAIRMAN said he took it that the Committee wished to recommend to the General Conference that it adopt the draft resolution on page I of document GC(42)/6.

76. It was so agreed.

THE AGENCY'S PROGRAMME AND BUDGET FOR 1999 AND 2000
(GC(42)/7 and Mod.1, GC(42)/INF/10)

77. Mr. KOCH (Germany) said that his delegation was disappointed that, despite the budgetary difficulties being experienced by many Member States - including Germany - and the downward trend in budgets within the United Nations system as a whole, the Regular Budget for 1999 represented 1.4% nominal growth. It was still in favour of zero nominal growth in the budgets of all organizations belonging to the United Nations system, and it hoped that the Director General would revise the provisional estimates for 2000 downwards accordingly, bearing in mind that the United Nations Secretary-General had recently produced a 2000-2001 budget outline which represented minus nominal growth.

78. Referring to Table 68, "Staffing table for 1999", he expressed surprise at the envisaged increase in the number of Professional posts from 797 in 1998 to 806 in 1999. Such an increase would run counter to the general trend in the United Nations system, where numbers of posts and staffing costs were being cut. Referring to Table 65, "The Regular Budget by item of expenditure", he expressed concern at the envisaged increases in expenditure on salaries and temporary assistance. His delegation was convinced that such increases could be avoided without detriment to the Secretariat's work.

79. Referring to Table 2, "The Regular Budget - Summary of Income", he said that in his view the estimate of "Investment and interest income" was too low by some $1.5 million, so that Member States would be assessed for unnecessarily high amounts. The Secretariat should be more realistic when estimating "Investment and interest income".

80. Referring to document GC(42)/7/Mod.1, in which it was reported that the Board of Governors had decided to recommend a TCF target figure of $73 million for 1999, he said that higher TCF targets were not resulting in greater TCF resources. A more realistic approach should be adopted by the Board of Governors when agreeing on IPFs.

81. Mr. PECSTEEN (Belgium) said that his delegation hoped that the Director General would revise the provisional estimates for 2000 downwards so that they provided for zero real growth.

82. Mr. RAGHURAMAN (India) said his delegation was disappointed that the expenditures for 1999 Agency programmes would be lower than the 1998 approved budget; although the decrease was small (only 0.1% in real terms), it followed several years of zero real growth in the Regular Budget. At the same time, his delegation would like to see the Agency relying less on extrabudgetary resources.

83. The expected concentration of time and resources on safeguards and other verification activities implied reductions in technical co-operation and other promotional activities. Only 6% of the Regular Budget for 1999 was to be allocated to "Nuclear Power and Fuel Cycle", whereas 36-37% was to be allocated to "Nuclear Verification and Security of Material".

84. The Agency had a major role to play in promoting nuclear power, which was becoming an important energy source for more and more countries, including more and more developing countries, in a world where the fossil fuel resources were being used up rapidly and their utilization was environmentally harmful.

85. His delegation welcomed the recent establishment of INDAG and the International Working Group on Nuclear Fuel Cycle Options. It believed that the Agency should continue with activities relating to nuclear applications for industry, the environment (including the marine environment), sustainable food production, human health and water resources development, and should further encourage TCDC. It also believed that Agency programmes should include more CRPs, since CRPs were frequently the forerunners of technical co-operation projects.

86. In the nuclear safety field, the Agency should support Member States through the provision of equipment as well as of expertise.

87. Mr. BENMOUSSA (Morocco) said that his delegation continued to be of the view that the first step in the formulation of Agency Regular Budgets should be the establishment of programme priorities - not the setting of budgetary ceilings. That approach would simplify budgetary negotiations.

88. His delegation, which was disappointed about the envisaged budgetary reduction in real terms, did not think that the Agency should necessarily follow the zero-nominal-growth examples set by other organizations belonging to the United Nations system.

89. Mr. CASTERTON (Canada) said that his delegation, while welcoming the Secretariat's efforts to increase efficiency and reduce costs, was disappointed that the Regular Budget proposed for 1999 did not represent zero nominal growth. Organizations such as WHO, ILO, FAO and IMO were managing with zero-nominal-growth budgets, and the United Nations budget for 1998-1999 represented minus nominal growth.

90. More remained to be done in the field of programme planning, in order to minimize duplication of effort. His delegation would like the programme and budget formulation process to become still more transparent, with greater input from Member States.

91. Mr. YAMANAKA (Japan) said that his delegation was in favour of zero nominal growth both in assessed contributions and in the TCF targets.

92. The CHAIRMAN assumed that the Committee wished to recommend to the General Conference that it adopt draft resolutions A and C set out in Annex I to document GC(42)/7 and draft resolution B set out in document GC(42)/7/Mod.1.

93. It was so agreed.

The meeting rose at 6 p.m.